



NEWS RELEASE

CALIFORNIA SECRETARY OF STATE **BRUCE McPHERSON**

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Proposed Initiative Enters Circulation

Wealth tax. Tax Rates. Tax Credits. Initiative Constitutional Amendment and Statute.

SACRAMENTO, CA - Secretary of State Bruce McPherson announced today that the proponents of a new initiative may begin collecting petition signatures for their measure.

The Attorney General's official title and summary is as follows:

WEALTH TAX. TAX RATES. TAX CREDITS. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

Imposes one-time 45% tax on California residents and certain former residents owning property worth more than \$40 million on January 1, 2007. Amends Constitution to exempt this tax from 1% limit on ad valorem real property taxes. Imposes additional 15% tax on income for high-income taxpayers. Reduces corporate income tax rate by approximately 54%. Eliminates alternative minimum tax and certain tax credits, including those for head of household and dependents. Creates/increases tax credits, including those for teacher pay, public college tuition, property taxes and health insurance.

Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: One-time increase in state revenues potentially up to \$200 billion from imposition of a wealth tax. This revenue would be allocated to infrastructure spending and debt reduction. Annual increased state taxes-primarily from increased personal income taxes-in the low tens of billions of dollars annually, offset by a commensurate amount of state tax reductions and new refundable tax credits. Potential increase of several billion dollars in annual K-14 education spending and equal or greater reductions in noneducation spending.

The Secretary of State's tracking number for this measure is 1222 and the Attorney General's tracking number is 06-0026.

The proponents for this measure, Roy A. Ringwood, Bradley Rooker and Paul McCauley, must collect 598,105 signatures of registered voters, equal to eight percent of the total votes cast for governor in the 2002 gubernatorial election, in order to qualify. The 150-day deadline to circulate petitions for this measure is October 16, 2006. The initiative proponents can be reached at 310-230-5418.